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4 in 10 advisors worry that AI will replace them
By Rob Burgess
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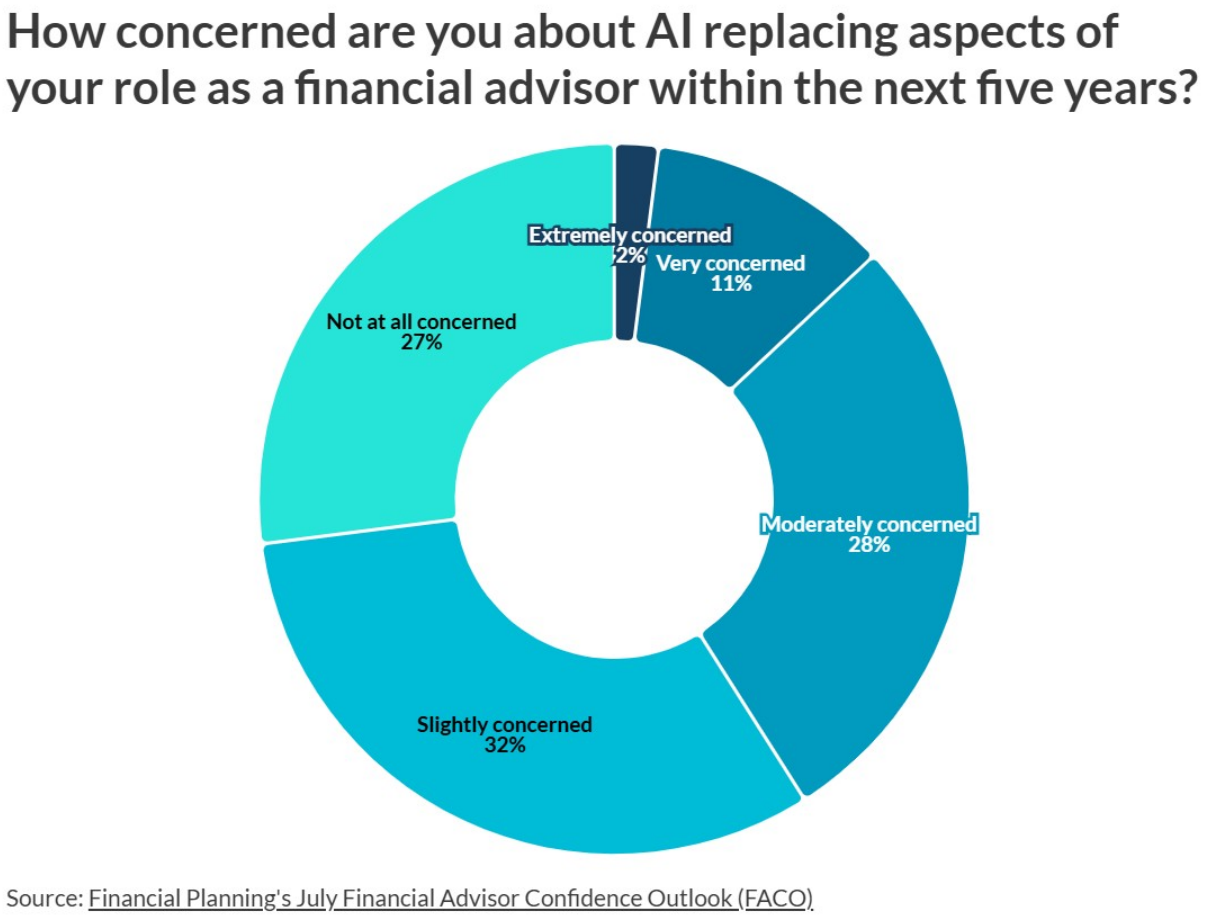
Around four in 10 advisors are at least moderately concerned about aspects of their role being replaced by artificial intelligence. And half of advisors think AI will reduce the number of advisors needed in the market within the next five years.

Those were among the findings reflected in Financial Planning's latest Financial Advisor Confidence Outlook (FACO) survey, a monthly look at the sentiment of hundreds of financial advisors.

While many respondents said they could envision AI displacing parts of their jobs in the next few years, others were optimistic that the technology would instead enhance their business and even allow them to reach previously underserved populations.

In response to the question, "How concerned are you about AI replacing aspects of your role as a financial advisor within the next five years?" 2% said they were extremely concerned, 11% said very concerned, 28% said moderately concerned, 32% said slightly concerned and 27% said not at all concerned.



Source: Financial Planning's July Financial Advisor Confidence Outlook (FACO)

How advisors see AI evolving in the industry

Luke Harder, a financial advisor at Claro Advisors in Boston, spoke to Financial Planning about the future of artificial intelligence in wealth management after the survey was fielded. As a younger advisor "planning to be in this business for decades to come," he said he's not concerned. However, he does believe AI will significantly reduce the need for administrative support.

"What's currently a team of 10 may soon only require a team of three," he said.

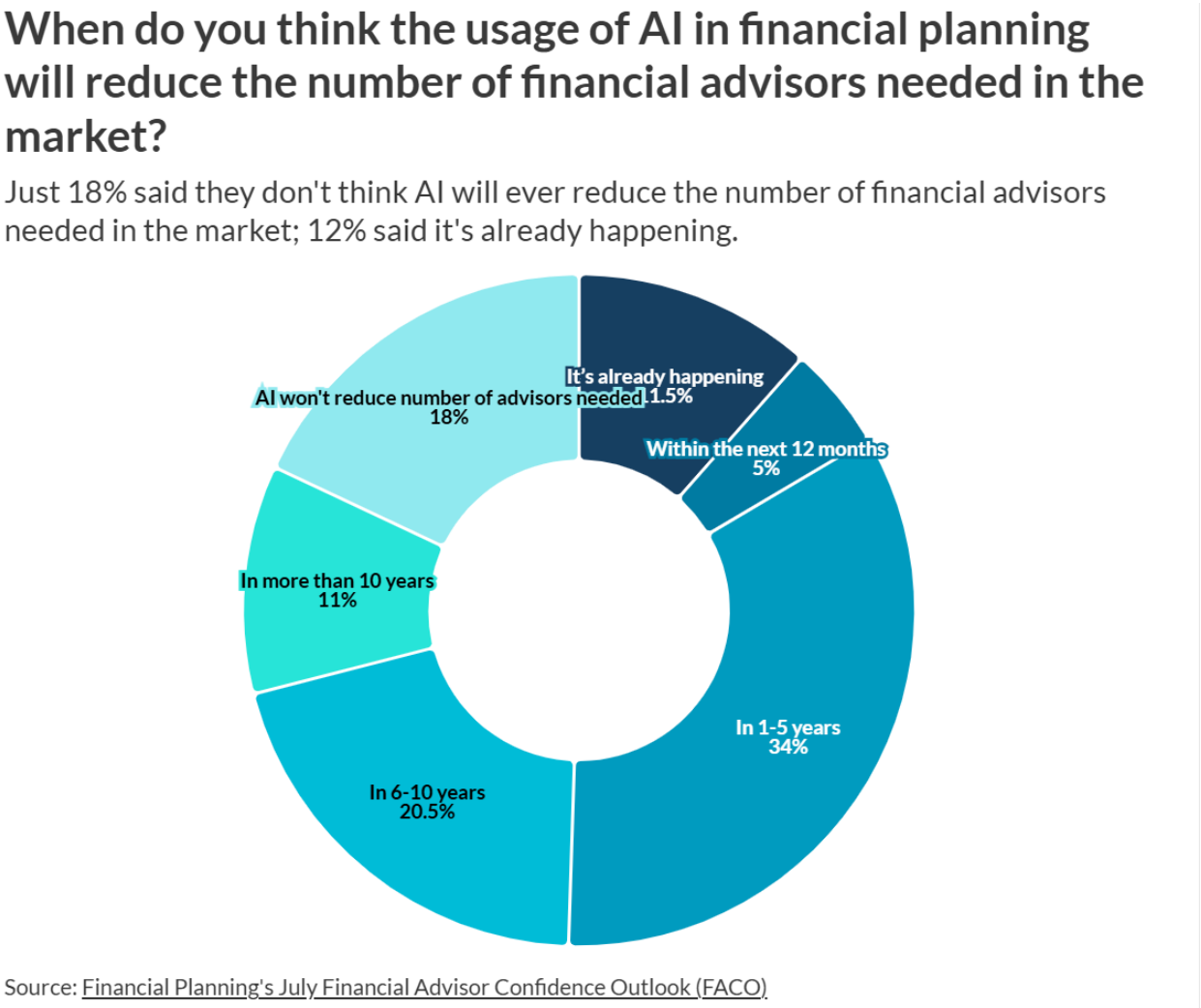
John R. Power, a certified financial planner with RIA firm Power Plans in Walpole, Massachusetts, told Financial Planning that he's not concerned at all, but that as "an older advisor," he had less reason tot worry.

"I expect the usage of AI will evolve and in the next few years it will primarily be an ever-improving tool for working with clients," he said. "But my life experience in the introduction of exciting new technology is that the early adopters think major change is around the corner and it takes 10 to 20 years to realize that change."

Perhaps fewer advisors, but a wider client base?

In response to the question, "When do you think the usage of AI in financial

planning will reduce the number of financial advisors needed in the market?" 11.5% said it's already happening, while 18% said it never would. The rest of the respondents saw varying timelines: 5% said it would happen within the next 12 months, 34% said it would happen in the next one to five years, 20.5% said it would happen in the next six to 10 years, 11% said it would take more than 10 years.



Joel M. Roberts, CEO of Brescor Wealth Advisory in Needham, Massachusetts, told Financial Planning that he wouldn't be surprised to see some reduction in the overall number of financial advisors over the next five years, especially among those whose practices focus heavily on investment selection or templated advice. Their client base will be absorbed by a combination of robo-advisors and traditional financial advisors who successfully blend modern AI tools with behavioral guidance, complex financial planning and therapeutic support, he said.

"Once that transition stabilizes, I believe that the number of traditional financial advisors will begin to rise as their cost structures significantly fall, making it

more economically feasible to service historically underserved populations," he said.

With a combination of desire to grow businesses, along with AI's efficiencies leading to increased profitability, advisors may be incentivized to tap more into underserved markets, said Robin Giles, a financial planner with Apex Wealth Management in Katy, Texas.

"Advisors are resourceful," she said. "This could be a win for everyone if more people are able to access professional financial advice."

From the client POV, AI may not have much impact

Perhaps, after an entire generation has grown up with an AI life-platform, more people will be open to an AI advisor, said Diane Chamberlain, a financial advisor at LPL Financial in Spearfish, South Dakota.

"AI can pick investments well at this stage," she said. "For long-term planning, humans will still rely on other humans to help them. A financial advisor who works on planning is different from a financial advisor who focuses on investment trading. AI will need to take these differences into account, in my mind."

What concerns Tim Wood, principal at Foster & Wood in Lake Oswego, Oregon, is what a 25-year-old today will think about AI in 25 years.

"I can reasonably foresee a future where the average person thinks that a computer is all they will need to manage their lives," he said.

For older clients who value face-to-face relationships and complex, personalized planning, AI will have little impact, said Trevor Johnson, financial planner and founder of Dream Weaver Financial Planning in Richmond, Illinois. But with younger, tech-savvy clients early in their careers, he said there might be more adoption of AI-driven tools and some reduction in demand for traditional advisor services over time.

"That said, advisors who focus on real relationships — understanding clients' dreams, fears and values — will remain essential," he said. "AI frees us from routine tasks, letting us spend more time on meaningful conversations."

Human trust still needed

The advisors who will be displaced are those whose entire value is based on tasks that AI can simply do better, faster and more accurately, said Marcos A. Segrera, wealth manager and principal in Evensky & Katz / Foldes Wealth Management in Coral Gables, Florida. Roles he believes are at risk are the "pure stock-picker," the product salesperson, anyone focused only on basic calculations and anyone avoiding deeper, more emotional conversations.

"These roles will become commoditized," he said. "However, the demand for true

financial planners — the ones who act as a client's personal CFO and build deep relationships — is only going to grow."

AI should help remove the "toil" in the data collection and intelligence end of the spectrum for advisors, but it will be difficult to replace human judgment, emotional intelligence and connection with other humans, said Jeff Farrar, chief operating officer and managing director at Procyon Partners in Shelton, Connecticut.

"Good financial advisors turn raw data on markets, investments or planning, combine it thoughtfully and with accumulated experience, turn it into wisdom we can use to help clients, thereby gaining clients' trust," he said.

Brandon Galici, financial planner and founder of Galici Financial in San Juan Capistrano, California, recently worked with a client considering a $10 million business sale.

He said while they ran the numbers and developed a strategy, the real value came from discussing his purpose and life after the sale.

"He ultimately decided not to sell," he said. "That kind of deep, personal conversation is something I don't believe AI can replicate effectively."

Aaron Cirksena, founder and CEO of MDRN Capital in Annapolis, Maryland, is also "not losing sleep" over AI replacing him. He said it has been great for automating reports or identifying portfolio imbalances, "but it can't sit with a client who just lost a spouse and help them rethink their entire financial future."

"The emotional intelligence side of advising is still very human, and that's where real trust is built," he said.

As a case in point, a three-decade client of Ron Palastro, founder and CEO at Cobblestone Wealth Advisors in Brooklyn, New York, recently lost her husband. Palastro and his wife paid her a visit, as the husband had taken care of all the bills and management of cash flow.

"She was completely lost," he said. "We sat down and helped organize folders, what bills were paid automatically, what were paid by phone, which checking account was being used for what. We also had to think about what would happen if she were incapacitated. The estate plan needs to be revamped."

AI cannot replace the human aspect of what advisors do besides managing assets, said Palastro.

"They cannot provide a lifetime of perspective and empathy. I — we — will always be needed," he said.